

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



XIWANG SPECIAL STEEL COMPANY LIMITED

西王特鋼有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 1266)

INSIDE INFORMATION

SETTLEMENT APPLICATION OF CONTROLLING SHAREHOLDER

This announcement is made by Xiwang Special Steel Company Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) pursuant to the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”) and Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

The board of directors (the “**Board**”) of the Company wishes to announce that the Company received a notification from its controlling shareholder (as defined in the Listing Rules), Xiwang Group Company Limited* (西王集團有限公司) (“**Xiwang Group**”), that Xiwang Group is facing a liquidity crisis. To the best knowledge of the directors of the Company, which is based on the notification received, in order to protect the interests of creditors and properly resolve the debt problem, Xiwang Group has applied for settlement with the Zouping Municipal People’s Court of Shandong Province (the “**Court**”) on 21 February 2020 and received a civil ruling from the Court to accept the application for settlement. However, there is still uncertainty about the settlement.

IMPACT ON THE GROUP

Although Xiwang Group and the Company are two separate legal entities, the Group has been providing guarantees in favour of the lenders of Xiwang Group in respect of the loan and finance agreements entered into between Xiwang Group and its subsidiaries, on the one part, and their lenders, on the other part. Such guarantees have been approved by the independent shareholders of the Company previously. For details, please refer to the announcement of the Company dated 10 November 2017 and the circular of the Company dated 19 December 2017. The Company and Xiwang Group are different entities with independent and complete business and independent operating capabilities. The entry into the settlement process by Xiwang Group is conducive to solving Xiwang Group's liquidity problems, optimizing the asset and liability structure, eliminating Xiwang Group's debt risk, restoring the sustainable operation and profitability of Xiwang Group, and will not impose negative impact on the Group's daily production and operation. Meanwhile, the Group will actively perform daily operations on the existing basis to ensure the stability of production and operation. As of the date of this announcement, the Group's production and operation situation is normal. The Company will disclose further developments on the above matters by way of further announcement(s) in a timely manner in accordance with the Listing Rules and other regulatory requirements.

Shareholders of the Company and potential investors are reminded that there is still uncertainty in the settlement of Xiwang Group. The Company will continue to pay attention to the subsequent progress and impact of the above matters, and perform its information disclosure obligations in a timely manner in accordance with relevant provisions of laws and regulations. Shareholders of the Company and potential investors should exercise caution in dealing in shares of the Company.

By order of the Board of
Xiwang Special Steel Company Limited
WANG Di
Chairman

Hong Kong, 21 February 2020

As at the date of this announcement, the Board comprises the following Directors:

Executive Directors

Mr. ZHANG Jian
Mr. SUN Xihu
Ms. LI Hai Xia

Independent non-executive Directors

Mr. LEUNG Shu Sun Sunny
Mr. LI Bangguang
Mr. YU Kou

Non-executive Director

Mr. WANG Di

* *for identification purpose only*